

Message Text

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PAGE 01 SANTIA 00313 151600Z

14

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EA-07 EUR-12 NEA-10 ISO-00 GSA-01

AID-05 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 INT-05 DODE-00

PM-04 H-02 L-03 PA-01 PRS-01 /126 W

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R 151243Z JAN 76

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 6593

INFO AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PORT MORESBY

AMEMBASSY TOKYO

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EO 11652: NA

TAGS: EMIN, ECON, ETRD, EALR, CI

SUBJ: CHILEAN ATTITUDES TOWARDS CIPEC AND TOWARDS COPPER
COMMODITY AGREEMENT

REF: SANTIAGO A-8

1. SUMMARY. THIS TELEGRAM, SUMMARIZING THE MAIN POINTS
OF REFAIR, SETS FORTH CHILEAN VIEWS OF CIPEC, AND ON A COPPER
AGREEMENT TOWARDS WHICH THE GOC IS PREPARED TO COOPERATE
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PAGE 02 SANTIA 00313 151600Z

WITH THE USG. END SUMMARY.

2. GOC ENTERTAINS MISGIVINGS OVER CIPEC. ITS DEPENDENCY ON COPPER, HOWEVER, AND ITS NEED FOR INSTITUTIONAL ARRANGEMENTS TO STABILIZE COPPER PRICES, LEAVE CHILE NO OPTION BUT TO CONTINUE WITH ITS PRESENT COMMITMENTS, UNTIL SOMETHING BETTER COMES ALONG.

3. THAT SOMETHING, IN THE UNANIMOUS AND STRONGLY-FELT BELIEF OF GOC OFFICIALS, SHOULD BE A PRODUCER/CONSUMER AGREEMENT. ON CERTAIN SPECIFICS, SUCH AS WHETHER A BUFFER STOCK ARRANGEMENT SHOULD BE A PREFERRED OVER A FIXED INTERNATIONAL PRICE, OR WHETHER DISCUSSIONS LEADING TO SUCH AN AGREEMENT SHOULD BE INTER-GOVERNMENTAL, OR AMONG PRODUCING ENTITIES, PUBLICLY OR PRIVATELY OWNED, THERE IS SOME DISAGREEMENT. THERE IS NONE, HOWEVER, ON THE INDISPENSABILITY OF THE UNITED STATES, GIVEN ITS PREEMINENT ROLE AS A COPPER PRODUCER AND CONSUMER, TO ANY COPPER COMMODITY AGREEMENT.

4. BY CONTRAST, THE INTEREST OF THE PERUVIANS, AS SET FORTH IN THE RECENT CIPEC MEETING IN LIMA, IN A PRODUCER-ONLY CARTEL, ARAB-FINANCED, AND PRESUMABLY FOCUSING ON THE RIGHTS OF DEVELOPING COUNTRY PRODUCERS AND THE DUTIES OF INDUSTRIALIZED CONSUMERS, IS ANTITHETICAL TO CHILEAN OFFICIAL CONCEPTIONS. CHILEANS BELIEVE CONSUMER PARTICIPATION TO BE ESSENTIAL. MOREOVER, GIVEN THE SUBSTITUTES READILY AVAILABLE FOR COPPER IN SEVERAL USES, IN WHICH PRODUCTION OVER TIME IS LIKELY TO BE CALLED FORTH BY HIGH COPPER PRICES, CHILEAN OFFICIALS CONSIDER A CEILING ON COPPER PRICES TO BE VIRTUALLY AS IMPORTANT AS A FLOOR.

5. GIVEN ITS OWN DIPLOMATIC ISOLATION, THE GOC ENTERTAINS NO ILLUSIONS ABOUT THE LIKELIHOOD OF ITS BEING ABLE TO SPONSOR THE INITIAL MEETINGS LEADING TO A COPPER COMMODITY AGREEMENT, NOR ANY ABOUT PLAYING A LEADING ROLE IN SUBSEQUENT NEGOTIATIONS. WHILE AUSTRALIA AND ZAIRE, AMONG ITS CIPEC PARTNERS, WOULD ENJOY SOME CHILEAN SUPPORT, ESSENTIALLY THE GOC LOOKS TO THE UNITED STATES TO PROVIDE LEADERSHIP IN THE DEVELOPMENT OF A COPPER AGREEMENT, AND ITS PREPARED TO COOPERATE FULLY WITH THE UNITED STATES TO THAT END.
POPPER

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